

Message Text

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PAGE 01 STATE 121922
ORIGIN DLOS-09

INFO OCT-01 IO-13 ISO-00 EB-08 TRSE-00 OES-07 L-03
OMB-01 PA-01 ICA-11 NSC-05 INT-05 COME-00 /064 R

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-----094701 131052Z /23
R 122100Z MAY 78
FM SECSTATE WASHDC
TO USMISSION GENEVA

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FOR US LOS DEL

E.O. 11652: N/A

TAGS: PLOS

SUBJECT: FINANCIAL (ROYALTY PAYMENT) FIGURES FROM
MIT STUDY

1. JIM SEBENIUS PROVIDED FOLLOWING INFORMATION ON REVENUE
(ROYALTY) PAYMENTS TO THE AUTHORITY WITH REQUEST THAT THEY
BE FORWARDED TO DELEGATION.

2. BASICALLY IN CONFORMITY WITH U.S. PROPOSAL, PROJECTED
RESULTS BASED ON FOLLOWING ASSUMPTIONS: (A) A TEN YEAR
RECOVERY (DEPRECIATION) PERIOD; (B) THREE INTERNAL RATE OF
RETURN (IROR) CATEGORIES, VIZ., LOW (IROR LESS THAN 7 PER-
CENT), MEDIUM (IROR GREATER THAN 7 PERCENT BUT LESS THAN
20 PERCENT), AND HIGH (IROR GREATER THAN 20 PERCENT); (C)
30 PERCENT, 60 PERCENT AND 75 PERCENT ROYALTY PAYMENT
LEVELS AGREED FOR LOW, MEDIUM AND HIGH CATEGORIES RESPEC-
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PAGE 02 STATE 121922

TIVELY (UNDERSTOOD BASE FOR ALL LEVELS BEING 20 PERCENT OF
IMPUTED VALUE OF NODULE METALS).

3. GIVEN ASSUMPTIONS PARA 2 ABOVE, AND WITH A COMBINED ORE
GRADE OF 2.8 PERCENT (NICKEL AND COPPER), THE IROR WOULD
BE 16.84 PERCENT, WHICH WOULD RESULT IN PAYMENTS FROM A
SINGLE MINING PROJECT TO THE AUTHORITY OF DOLS 7.7 MILLION IN

YEAR SIX, DOLS 10.6 MILLION IN YEAR 10, AND DOLS 20 MILLION

IN YEAR 20. GIVEN ASSUMPTIONS PARA 2 ABOVE, AND WITH A
COMBINED ORE GRADE (NICKEL AND COPPER) OF 2.4 PERCENT,
THE IROR WOULD BE 13.22 PERCENT AND WOULD RESULT IN
PAYMENTS FROM A SINGLE MINING PROJECT TO THE AUTHORITY OF
DOLS 5.11 MILLION IN YEAR 6, DOLS6.5 MILLION IN YEAR 10,
AND DOLS 15.36 MILLION IN YEAR 20. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
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Concepts: LAW OF THE SEA, PROCUREMENT, ECONOMIC DATA
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Draft Date: 12 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 20 Mar 2014
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From: STATE
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1978/newtext/t19780563/aaaacbdI.tel
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Litigation Codes:
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Previous Handling Restrictions: n/a
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Review Content Flags:
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Review Exemptions: n/a
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